

## EXHIBIT 4

**Fuccillo Automotive Group, Inc.**

# Memo

**To:** BILLY FUCCILLO  
**From:** JOHN TESTONE  
**CC:** SCOTT FOX, SHAWN ROWLANDS  
**Date:** 8/16/2005  
**Re:** ETCH CONTRACTS

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The Fuccillo Automotive Group has been selling anti-theft or Etch contracts to customers under a program administered by Universal Automotive Services. There are two basic types of contracts, a group insurance arrangement and a discount plan. Our dealerships have been selling an Etch product, which is an anti-theft discount program. Following is a brief explanation of the basics of both types of programs:

o Anti-theft discount program

- (a) The contract is between the Dealer and the purchaser of a new automobile.
- (b) In the event that the new vehicle is declared a total loss due to unrecovered theft or recovered and is declared a total loss which occurred as a result of the original theft within the contract term, i.e., three years from the date of purchase or lease, then, subject to the conditions and limitations set forth in the contract, the Dealer would provide the customer who purchased the Etch contract with a discount towards the purchase of a replacement vehicle from the same Dealer.
- (c) The plan that Fuccillo has been selling is one that has a three-year term and provides for a discount of 10% towards the purchase of a replacement vehicle up to a maximum of \$2,000. The replacement vehicle must be of equal or greater value than the original vehicle.
- (d) An anti-theft discount program does not violate the insurance law in New York State as long as the discount would not eliminate the Dealer's profit margin on each replacement vehicle. The New York State Insurance Department stresses that the Dealer may not accept a loss on even one vehicle in the expectation that it would make a profit through the volume of sales.
- (e) If the Dealer provides a discount to a qualified customer pursuant to the Etch contract, then the program administrator (Universal Automotive Services) would be obligated to reimburse the Dealer for the discount given.

o Group Insurance Program

- (a) This type of program involves several parties, the Customer/Group Member who purchases the Etch or anti-theft protection, an Administrator/Group Policyholder who distributes the Etch product, an Insurance Company who issues the insurance

1

EXHIBIT  
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4/14/11

policy, and an Agent who represents the Administrator in dealings with the Dealer selling the Etch policy.

(b) Although the Fuccillo Automotive Group does not currently sell Etch under a group insurance arrangement, if we did so through Universal Automotive Services, the parties to the transaction other than the Dealer and customer would be as follows:

- I. **Administrator/Group Policy Holder** – Nation Safe Drivers
- II. **Insurance Company** – Virginia Surety Company, Inc.
- III. **Agent** – Universal Automotive Services

(c) Coverage – Typically, the insurance policy will provide a theft benefit if the theft deterrent system fails to prevent the covered vehicle from being stolen and such failure results in a total loss. In addition, there is a replacement allowance paid to the original selling dealer to be used towards the purchase of a replacement vehicle in the event of a total loss. There is also a limited deductible reimbursement in instances where the theft deterrent system failure results in the vehicle being stolen, but recovered with damage, but not a total loss. The coverage period is as stated in the Certificate of Insurance.

(d) The Insurance Company must have its Group Reimbursement Insurance Policy forms and Certificate of Coverage forms approved by the State Insurance Department.

(e) For obvious reasons, the Dealer's cost for a Group Insurance Contract is more expensive than the anti-theft discount program with comparable coverage.

As you are aware, our rep, Richard Crossley, recently parted ways with Universal Automotive, which is owned by Nick Souris. I have had discussions with both Crossley and Souris each of whom is throwing stones at the other. Crossley alleges that Souris does not insure his risk for claims resulting from the Anti-theft Discount Program and therefore there may be no solid financial backing from Universal Automotive. Souris says that Crossley had brought in an Etch program that was not compliant with NYS requirements. When I asked if Fuccillo had sold any such products, Souris said "sparingly". My recommendation is not to do business with either one of these guys.